

Message Text

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45

ACTION AF-18

INFO OCT-01 ADP-00 AGR-20 AID-20 EB-11 SS-15 L-03 H-02

NSC-10 STR-08 SPM-01 CIAE-00 DODE-00 INR-10 NSAE-00

PA-03 RSC-01 USIA-12 PRS-01 COME-00 TRSE-00 OMB-01

CIEP-02 INRE-00 IGA-02 SCEM-02 INT-08 OEP-01 RSR-01

/153 W

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P R 031615 Z APR 73

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC PRIORITY 1384

INFO AMEMBASSY RABAT

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DEPT PASS USDA

RABAT FOR AGATT

E. O. 11652: N/ A

TAGS: EAID, TS

SUBJ: PL-480 TITLE I NEGOTIATIONS

REF: TUNIS 1535; AIDTO 223, 2/14/73

1. APRIL 2 EMBASSY HAD FIRST NEGOTIATING SESSION FOR SUBJECT AGREEMENT WITH MINISTRY OF FOREIGN AFFAIRS. MOFA IN ACCORD WITH MOST POINTS IN NEW AGREEMENT BUT HAS ASKED WASHINGTON TO CONSIDER SOME CHANGES. MINISTRY REPRESENTATIVE NOTED STEADY HARDENING OF TITLE I TERMS OVER PAST FEW YEARS, ESPECIALLY INCREASE IN INITIAL PAYMENT.

2. GIVEN GREATLY REDUCED TITLE I AVAILABILITIES, FOR TUNISIA THIS YEAR, MOFA REPRESENTATIVES POINTED OUT THAT LOCAL CURRENCY FUNDS GENERATED VIA SALE FOR DEVELOPMENT BUDGET WILL BE DOWN SHARPLY. ADDITIONAL BURDEN
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OF STIFFER PAYMENT TERMS ALSO NOTED. IN THIS CONTEXT, MOFA REQUESTED CONSIDERATION AT LEAST FOR THIS YEAR TO REDUCE INITIAL REPAYMENT OF LOAN FROM TEN PERCENT TO LAST YEAR'S AMOUNT OF SEVEN PERCENT.

3. THIS YEAR'S AGREEMENT IS BEING NEGOTIATED SO LATE IN FY THAT GOT HAS ALREADY BOUGHT UMR EQUIVALENT FROM EUROPE IN ORDER TO MEET IMMEDIATE NEEDS FOR OIL. GOT ANTICIPATED US PORTION OF UMR AT ONLY 1,100 MT LEVEL. DUE TO LATENESS OF AGREEMENT NEGOTIATIONS AND PURCHASES ALREADY MADE IN EUROPE, GOT REQUESTS US PORTION OF UMR BE REDUCED TO PREVIOUS LEVEL.

4. GOT REQUESTS ELIMINATION OF PART II ITEM II-2 CURRENCY USE PAYMENT. SINCE THIS IS NOT RELEVANT TO CURRENT AGREEMENT MINISTRY PREFERS TO AVOID POSSIBLE NEED TO EXPLAIN CONCEPT TO NATIONAL ASSEMBLY.

5. GOT COST ESTIMATES FOR 30,000 MT OIL INDICATE THAT BUDGETED AMOUNT OF \$8.7 MILLION IS NOT SUFFICIENT. IF GOT ESTIMATES ARE CORRECT, GOT REQUESTS AMOUNT UNDER PART II MAXIMUM EXPORT MARKET VALUE BE INCREASED TO ALLOW PURCHASE OF FULL 30,000 MT.

6. EMBASSY RECOMMENDS FAVORABLE WASHINGTON CONSIDERATION OF ABOVE POINTS ESPECIALLY PARAS 3 AND 5.

7. MOFA POINTS OUT FY 1971 COMMERCIAL PURCHASES OF OIL IN US WERE 2398 MT WHICH INCLUDES 1,200 MT CARRYOVER FROM FY 1970. FIGURE FOR FY 1972 IS 3899 MT OF WHICH 2,500 MT IS OFFSET FROM TUNISIA'S EXCEEDING OLIVE OIL EXPORT LIMITATION IN EFFECT AT TIME. MOFA FEELS OFFSET SHOULD NOT BE INCLUDED IN UMR CALCULATION.

8. APPRECIATE EARLY RESPONSE SINCE GOT ANXIOUS REACH AN AGREEMENT FOR NEW TITLE I PROGRAM.
SEELYE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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